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Turkey's foreign trade deficit down in July

Anadolu Agency, *29.08.2018*

Turkey's foreign trade balance ran a $5.98 billion deficit in July, marking a year-on-year fall of 32.6 percent, Turkish Statistical Institute (TurkStat) announced on Wednesday.

Last month, the country's exports amounted to $14.07 billion with a 11.6 percent annual hike, while imports totaled $20.05 billion with a 6.7 percent decrease, compared with July 2017. "In July 2018, exports coverage [ratio to] imports was 70.2 percent while it was 58.7 percent in July 2017," TurkStat said. The institute noted that from January to July this year.

Exports were $96.27 billion -- up 7 percent on a yearly basis -- and imports were some $143 billion with an annual hike of 10.2 percent. According to official figures, the seven-month trade balance showed a deficit of $46.75 billion, up 10.2 percent over the same period last year. TurkStat also reported that Turkey's exports to the European Union in July surged 14.7 percent, year-on-year, amounting to $6.8 billion. "The proportion of the EU countries was 48.7 percent in July 2018 while it was 47.4 percent in July 2017," the institute said. Statistical authority noted that the main partner for exports was Germany with $1.29 billion last month -- followed by the United Kingdom with around $1 billion, the U.S. with $850 million and Italy with $750 million. "In July 2018, the top country for Turkey's imports was China with $1.97 billion," it said. "The country was followed by Russia with $1.88 billion, Germany with $1.69 billion and the U.S. with $1.12 billion." Official data showed that the ratio of manufacturing industries products in total exports was 94.9 percent in July, amounting to $13.36 billion.

"The ratio of high-technology products in manufacturing industries was 2.8 percent," TurkStat said. "The ratio of medium-high technology products in manufacturing industries' products was 37.1 percent." The institute said the ratio of manufacturing industries' products in total imports was 78 percent last month, noting that the intermediate goods claimed the top spot with 75.8 percent in Turkey's overall imports. In 2014, Turkey's exports hit an all-time high of $157.6 billion while the figure was nearly $157 billion last year. Over the past five years, the highest export-to-import ratio was recorded in 2016 with 71.8 percent, while the country's foreign trade deficit has fallen from $99.8 billion in 2013 to $76.8 billion in 2017.

Turkish foreign minister talks to Pakistani counterpart

Anadolu Agency, *28.08.2018*

Foreign Minister Mevlut Cavusoglu spoke with his Pakistani counterpart Makhdoom Shah Mahmood Qureshi on Tuesday and voiced Ankara's desire to further strengthen ties with Islamabad, according to the Pakistani Foreign Ministry.

In a statement, the ministry said: "Mr. Cavusoglu expressed a strong desire of the government of Turkey to strengthen the existing close and friendly relations between the two countries. "Pakistan and Turkey enjoy exemplary fraternal relations based on common faith, values, culture, civilization linkages, history, mutual trust and support," it said. Cavusoglu also congratulated Qureshi on the recent election.

Qureshi said relations between the two countries had been transformed into a mutually beneficial strategic partnership. "The foreign minister expressed his keen desire to work closely with his Turkish counterpart to expand bilateral cooperation in all areas, particularly in trade and economic sector," the statement added. Qureshi said Pakistan and Turkey will play their roles to promote peace and stability in the region.

Government sees no big risk in Turkish economy, financial system: Albayrak

Hurriyet Daily News, *29.08.2018*

The government sees no big risk regarding Turkey's economy or financial system, as the economy's foundations are robust in mainly three areas, Treasury and Finance Minister Berat Albayrak has said.

En route from Paris to Ankara, he also told a group of journalists that the government has been seeing the recent fluctuations as an opportunity to strengthen the country's economy and financial system. In elaborating on the strong fundamentals, Albayrak said the public sector's debt levels were low, household indebtedness was among the world's lowest and the financial sector was quite robust.

“We do not see a big risk regarding the Turkish economy and financial system, as our economy has strong fundamentals. The main point here is for us to examine what our deficiencies are … In this regard, we will realize the required structural reforms,” the minister said on Aug. 27 when he was returning from Paris, where he held a meeting with his French counterpart Bruno Le Maire. According to Albayrak, the Turkish economy has three characteristics which will enable it “to minimize the risks of any global crises.” “First of all, our public sector’s debt is one of the world’s lowest in terms of net indebtedness. There is not any risk in this area,” he said. “Secondly, Turkey also has one of the lowest levels of household indebtedness,” Albayrak added. “Thirdly, our financial system is quite robust. Despite all recent tests, the system functions very well. The capital adequacy rate of our banks is at 16 percent, much higher than the European limit at 8 percent,” he said, adding that “the government does not see a big risk in general thanks to these strengths.”

Albayrak noted the government saw the recent fluctuations in Turkish markets and the lira as an opportunity to do better. “We must build a much stronger structure to evade any future economic or financial fluctuations. We have taken the required lessons from the recent developments. We see this process as an opportunity to build do better,” he said, adding that there were political reasons behind the recent fluctuations. “The recent process was completely political, as there is not any change in Turkey’s strong economic fundamentals,” he said, while signaling further cooperation in economic terms with new actors after Qatar. A row with Washington over an American evangelical Christian pastor detained in Turkey on terror charges has accelerated losses in the lira, which is down about 38 percent against the dollar this year. Investors have now eyed the medium-term economic program, which is slated to be announced by Albayrak early in September. After a meeting with his French counterpart in Paris, Albayrak highlighted Ankara’s push for better ties with Europe and took aim at the United States, saying U.S. sanctions could ultimately aggravate the region’s terrorism and refugee crises.

Turkish Central Bank reserves total $100.7B in July

CNN, *28.08.2018*

Official reserves of the Central Bank of the Republic of Turkey (CBRT) totaled $100.7 billion as of July 31 this year, the bank announced on Tuesday.

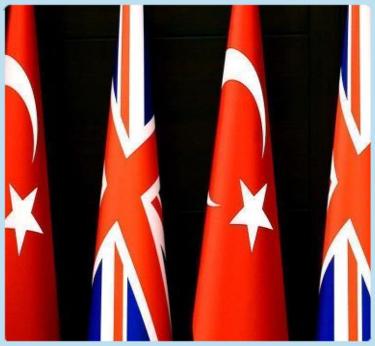
Total reserve assets rose 2.4 percent, compared to $98.4 billion at the end of June, according to the bank's international reserves and foreign currency liquidity report. Last month, foreign currency reserves -- in convertible foreign currencies -- amounted to $76.9 billion, going up 3.9 percent on a monthly basis.

The bank's gold reserves -- including gold deposits and, if appropriate, gold swapped -- dropped 2.5 percent to $22.3 billion in July compared to the previous month. On a yearly basis, the bank's official reserves fell 6.4 percent, versus $107.6 billion at the end of July 2017. Over the last decade, Turkey's official reserve assets rose nearly 45 percent. In mid-December 2013, the bank's total reserves hit their all-time peak at nearly $136 billion, including some $21 billion in gold reserves. The bank also reported that short-term predetermined net drains of the central government and the Central Bank -- foreign currency loans, securities, and foreign exchange deposit accounts of residents abroad within the bank -- showed a monthly fall of 0.6 percent in July, standing at $10.7 billion.

"Of this amount, $6.5 billion belongs to principal repayments and $4.2 billion to interest repayments. Regarding the maturity breakdown of the principal and interest payments, $1 billion is due in one month, $2.5 billion in 2-3 months, $7.2 billion in 4-12 months." The bank noted that contingent short-term net drains on foreign currency amounted to $57.6 billion last month, falling 1.6 percent compared to June. According to the bank's definition, contingent short-term net drains on foreign currency consist of “collateral guarantees on debt due within one year” and “other contingent liabilities," which are the banking sector’s required reserves in blocked accounts in foreign currency and gold, and letters of credit items on the Central Bank’s balance sheet.

Brexit, opportunity for boosted Turkey-UK ties: Expert

Anadolu Agency, *28.08.2018*



As the U.K. government has proven to be unprepared for Brexit, this could serve as a vast opportunity for developing relations with non-EU states like Turkey, experts said.

According to Seckin Baris Gulmez, an assistant professor of international relations at Izmir Katip Celebi University, Turkey and the U.K. have been experiencing parallel situations in their relations with the EU, despite technically different processes. Turkey applied for EU membership in 1987 while accession talks began in 2005. As for the U.K., it is set to leave the EU in March 2019.

“Comparably, it seems that neither of the countries will totally get what they want from the EU,” Gulmez told Anadolu Agency in an email interview. “It shows that both countries will get closer to each other while getting away from the EU in a harsh way,” he said. The talks between Turkey and the EU stalled in 2007 due to the objections of the Greek Cypriot administration in the divided island of Cyprus, as well as opposition from Germany and France. Pointing out the friendly relations between Turkey and the U.K. for almost a century, Gulmez said both countries were of the opinion that “bilateral relations independent from the EU” would be beneficial. Expressing hope for improved Turkey-U.K relations, Gulmez, highlighted that the U.K. was now in search of potential partners in the post-Brexit period. “In this context, I believe that the Brexit process is a significant opportunity for Turkey to improve bilateral relations [with the U.K.] and gain a position against the EU,” said Gulmez, who recently worked on Turkish-British diplomatic relations.

It seems that Turkey would not miss that opportunity. As unveiled in the country's 100-day action plan, it aims to strengthen trade and economic ties with the U.K. in the post-Brexit period. The British public opted to leave the EU in a 2016 referendum, ending the country’s 44-year-long membership with the bloc. Talks with the EU on the conditions of leaving the bloc began on June 2017. According to Gulmez, the latest resignations in the Conservative Party in July was evidence that the British government was unprepared for Brexit. Last month, Boris Johnson resigned as foreign secretary over disagreements with Theresa May and her Chequer’s Plan that sets out the U.K.’s relationship with the EU after Brexit. Two vice chairs of the ruling Conservatives jumped ship following Johnson’s resignation, citing similar reasons. “They couldn’t filter the determination of the public for Brexit till the very last moment,” said Gulmez. Emre Gonen, an academic from the International Relations Department at Istanbul Bilgi University, puts the blame for the Brexit hurdle in the U.K. on the lack of an “alternative road map”.

“The main problem is that the Tory government organized the referendum without having an alternative road map,” Gonen said. It led to difficulties in establishing a negotiating stance before the European Commission, which has “an experienced negotiator”, according to Gonen. “This has created a very asymmetric situation where we see the parade of negotiators and politicians of the U.K. desisting one after the other, practically because they see the fragility of their stance,” he added. In recent months there have been growing calls for a second referendum on the final deal -- yet to be agreed upon -- between Brussels and London. "People’s Vote” -- a campaign for a public vote on the final Brexit deal -- has been steadily growing to show the government that support for remaining in the EU has grown considerably in the last two years. On the recent shift in public opinion from Leave to Remain, Gonen said people discovered the vacuity of the arguments put forward by the Brexit supporters. “However, a nationwide referendum was organized and there will be immense difficulties to overlook such a decision,” Gonen said. Similarly, Gulmez does not consider the cancellation of Brexit or another referendum as likely. However, he emphasized the Conservatives' failure in managing the Brexit process as the main motive for the public to revise the Brexit decision. “The increased likelihood that the EU cannot be abandoned with the conditions desired has led to a focus on the disadvantages that Brexit will now cause, rather than its necessity. This naturally leads to regret," Gulmez said.

Turkey's economic confidence index slips 9 pct in August

Hurriyet Daily News, *29.08.2018*

The economic confidence index in Turkey decreased to 83.9 in August by a nine percent drop compared to the previous month.

The decrease in economic confidence index stemmed from the decreases in consumer, real sector, services, retail trade and construction confidence indices. Consumer, real sector, services, retail trade and construction confidence indices decreased to 68.3, 96.3, 88, 93.4 and 68.8 in August, respectively.

The construction confidence index saw a slide of 10.7 percent during the same period. Consumer and real sector confidence indices followed with 6.5 and 5.1 percent declines respectively. Subindexes on services and retail trade confidence declined 4.2 percent and 4 percent, respectively. Economic confidence index is a composite index that encapsulates consumers' and producers' evaluations, expectations and tendencies about the general economic situation, TÜİK said. It indicates an optimistic outlook about the general economic situation when economic confidence index is above 100, whereas it indicates a pessimistic outlook when it is below 100, it added. The index is seen as a significant reading of the economic course as it is a composite index that aggregates sub-indices of consumer confidence, real sector services, retail trade and construction confidence indices, reflecting an overall sentiment of health of the economy.

Qatar to invest $15 billion in Turkey with eye on stabilizing the lira

Reuters, *16.08.2018*

Following the Qatar news, the lira firmed briefly to 5.8699 from 6.04 to the dollar, before easing back to 6.0500 by 1658 GMT. Qatar pledged $15 billion of investment in Turkey on Wednesday that a government source in Ankara said would be channeled into its banks and financial markets.

The investment package was announced after Qatar's Emir Tamim bin Hamad Al-Thani met Erdogan in the capital, as Turkey grapples with a collapsing lira and a worsening commercial and political standoff with NATO ally the United States.

The currency has lost nearly 40 percent against the dollar this year, driven by worries over Erdogan's growing influence on the economy and his repeated calls for lower interest rates despite high inflation. Its precipitous decline has raised concerns about the resilience of Turkey's banking sector and caused ructions on global markets. Following the Qatar news, the lira firmed briefly to 5.8699 from 6.04 to the dollar, before easing back to 6.0500 by 1658 GMT. The currency had rebounded some 6 percent on Wednesday after the central bank squeezed lira liquidity in the market, effectively pushing up rates and supporting the currency. Turkey and Qatar have traditionally maintained good ties. Ankara stood by Doha after Saudi Arabia and other Arab states severed diplomatic, trade and travel ties with Qatar last year, accusing it of financing terrorism, a charge Doha denies.

Qatar's royal court released a statement saying Al-Thani "issued directives that will see the State of Qatar to provide a host of economic projects, investments, and deposits" worth $15 billion to support the Turkish economy. Erdogan's spokesman praised Qatari-Turkish relations on Twitter. "The fundamentals of the Turkish economy are robust and Turkey will emerge stronger from this process," Ibrahim Kalin wrote.

Iraq to ask U.S. for exemptions on some Iran sanctions

Reuters, *21.08.2018*

Iraq's economy is so closely linked to Iran that Baghdad is going to ask Washington for permission to ignore some U.S. sanctions on its neighbour, Iraqi government and central bank officials said. U.S. President Donald Trump withdrew the United States from an international deal aimed at limiting Iran's nuclear programme earlier this year and reimposed trade sanctions.

Washington has said there will be consequences for countries that do not respect the sanctions.

Baghdad is in a difficult position. Iraq imports crucial supplies from ally Iran but its other major ally is the United States, which provides security assistance and training. The request would mark an important change in political tactics for Iraqi Prime Minister Haider al-Abadi. He initially said Baghdad would respect all the U.S. sanctions but faced heavy criticism from rivals. The officials told Reuters a delegation will travel to Washington to ask for exemptions in applying the sanctions. They did not say when that trip would take place. "The government plans to ask Washington for a waiver. It's going to happen soon," one central bank official said. An official in Abadi's office declined to comment.

An official in the U.S. State Department said it was discussing Iran policy with its partners around the world. “We have given the same message to all countries around the world that the President has said, the United States is fully committed to enforcing all of our sanctions,” the official said. “Iraq is a friend and important partner of the U.S and we are we are committed to ensuring Iraqi stability and prosperity.” Iraqi officials fear shortages of key items if Baghdad complies with all the sanctions. This could lead to political turmoil at a delicate time in Iraqi politics. Iraq imports a wide range of goods from Iran including food, agricultural products, home appliances, air conditioners and spare car parts. The goods element of Iranian imports to Iraq was about $6 billion for the 12 months ending March 2018, about 15 percent of Iraq’s total imports for 2017. There are also energy contracts between the two countries contributing to a volume of trade of $12 billion last year. The officials said they were asking each ministry to put together a list of imports that are essential for Iraq’s economy. Those items will make up the request for exemptions.

The U.S. sanctions that came into effect earlier this month target Iran’s trade in gold and other precious metals, its purchases of U.S. dollars and its car industry. Other sanctions will come into force in November. Abadi has said Iraq will still respect the requirement on U.S. dollar purchases, which is a major part of the sanctions and one of the most awkward for businesses, given energy and other big trade deals. It means that Iraqi banks and the government cannot pay the Iranian government or Iranian entities in dollars. The central bank circulated a warning to private banks to abide by the ban on dollar transactions but it will allow transactions in euros, one central bank official said. Several European countries, including France, Britain and Germany wanted the United States to stick by the international nuclear deal. The EU is working to maintain trade with Iran. “We were encouraged by the position of European Union states towards Iran in respect to the American sanctions. They keep dealing with Iran in euros so why shouldn’t we?” a second Iraqi central bank official said. The sanctions are particularly sensitive for companies with U.S. operations. Trump has said that those who do business in Iran will not be able to do business in the United Sates. But most Iraqi private companies will be relatively unharmed by the sanctions, said a Western diplomat in Baghdad. “Plenty of Iraqi businesses don’t have U.S. investments, don’t deal in dollars. Those can carry on dealing with Iran without issue,” he said. It is government and public sector-run energy, construction and car industries, which will take a bigger hit, one Iraqi trade ministry official told Reuters. “We rely mainly on Iran as a source of construction materials and automobiles, including spare parts, due to low prices and the ease of shipping through many joint border crossings,” he said. Even if the government has committed to complying with some of the sanctions, it may be difficult to enforce.

Local traders may still be happy to deal with Iranian counterparts because the fall of the Iranian rial against the U.S. dollar has made goods cheap and political and economic ties between the two countries are strong. “It will be mission impossible for the government to prevent Iranian commodities from flowing across more than 1,300 kilometres (808 miles) of joint borders,” said Basim Antwan, a leading Iraqi economic consultant and member of the Iraqi Businessmen Union. “Iran will use every single option at hand to keep the exports flowing, including the help of allied militia groups to secure what could be called ‘organised smuggling’.” Abadi is leading a fragile caretaker cabinet while political parties try to negotiate a new governing coalition after a May election in which his bloc came third. He has managed to balance U.S. and Iranian interests and hopes to stay on as a compromise premier. But he may have been damaged after declaring he would fully comply with the U.S. sanctions.

This could have helped his more pro-Iran rivals, who heavily criticized his decision. Some Western diplomats say he must now come up with a compromise to balance U.S. and Iranian interests. “There is a fear that Washington will force Iraq into a ‘you are with us or against us’ situation,” the Western diplomat said. “They should not force Iraq to make that choice.”

Higher oil prices help Saudi Arabia trim its deficit

Gulf News, *26.08.2018*

The 2018 Haj season has ended successfully, a reflection of the calm and steady progress put in by the Saudi economy. This is particularly true of the state budget, which thanks to a revival of oil prices has been a main driver.

It is more than likely that we would see a slide in the budget deficit by year-end on the back of both higher oil and non-oil revenues. The deficit had totalled $98 billion in the 2015 fiscal year, declined to $79 billion in 2016 and fell further to $61 billion in 2017. The authorities had prepared the 2018 budget with projected revenues of $209 billion and expenditure of $261 billion, for a projected deficit of $52 billion.

Supported by rising oil prices, the latest data point to improved levels for Saudi public finances for fiscal year 2018. Total revenues increased by 67 per cent during the second quarter to $73 billion, split between $49 billion in oil income and $24 billion for non-oil. In fact, non-oil revenues gained a remarkable 42 per cent during the second quarter, partly due to the introduction of value-added tax (VAT) at the start of the year. Saudi Arabia had earlier introduced an excise tax on tobacco products, energy and frenzy drinks. Other moves included raising prices for petroleum products, electricity and governmental services for locals and expatriates alike, as well as revisiting the subsidy programme. Turning to spending, total expenditure grew by 34 per cent to $75 billion in the second quarter. Altogether, the first-half of 2018 saw revenues of $118 billion, up 43 per cent year-on-year, while total expenditure was $128 billion, itself higher by 49 per cent over 2017. This translates into a budget deficit of just $11 billion during the first half.

As for an Aramco initial public offering (IPO), which has been called off, there is no urgency for such a move in the current environment of relatively high oil prices. Brent prices have hovered above $70 per barrel. By one account, an average oil price of $85 or $87 per barrel is needed to bring about a balanced budget in the kingdom. A balanced budget is projected by 2023, if not earlier. The budgetary numbers for the first-half show the state’s determination to increase spending where possible. Public expenditure is vital and indicative of the broader economic directions taken by the kingdom.

Saudi Arabia boasts the largest GDP among Arab economies at large, which in turn entices local investors to commit funds for the local economy Looking ahead, it is possible to see further positives in the third quarter in light of stronger oil prices and revenues associated with the Haj season. Clearly, the Saudi economy is overcoming the challenges associated with the plunge in oil prices during 2014.

Afghanistan: UN chief calls for 'urgent' ceasefire and opening of peace talks

UN News, *18.08.2018*

UN chief António Guterres stated that "the warring parties must do everything feasible to ensure that no civilians are further killed or injured by the fighting, and must allow and facilitate rapid and unimpeded passage of humanitarian assistance so that it can reach Ghazni".

In five days of hostilities, about 150 civilians have been killed in the fighting, along with hundreds of Government and Taliban fighters. Mr. Guterres conveyed his condolences to the families who suffered from these attacks. According to the UN Office for the Coordination of Humanitarian Affairs.

When the fighting began, about 270,000 residents were trapped in the city, which is located about 150 km south-west of Afghanistan's capital Kabul. Many seem to have fled the town, according to sources on the ground. Reliable sources on the ground are reporting that Ghazni Public Hospital is "overwhelmed by a continuous influx" of injured members of the government forces, Taliban fighters and civilians.From the humanitarian perspective, the situation in Ghazni "remains particularly grim", UN Special Representative Yamamoto explained. "The fighting has led to electricity outages along with water and food shortages," noted Mr. Yamamoto, Head of UNAMA, in a statement on Wednesday, adding that "communication networks and media outlets have been shuttered, and roads remain blocked, preventing freedom of movement for families seeking safety." According to OCHA, access into the town remains challenging for aid workers. In July, UNAMA highlighted the tragic toll that the conflict has had on Afghans in 2018, as the first half of the year was the deadliest for civilians since UNAMA began documenting civilian casualties in 2009. This, despite the unprecedented but brief ceasefire between the Government and the Taliban in mid-June to mark the end of Ramadan, which was the first one to be honored in nearly 20 years of conflict.

“Equally unacceptable”, added Mr. Yamamoto, is that the fighting has “exacerbated deep-rooted wounds dividing Afghan communities at a time when cohesion is more crucial than ever before”. The Secretary-General stressed the “urgent need for an immediate ceasefire and the opening of talks between the parties to the conflict to negotiate a sustainable peace.” “The targeting of civilians and of civilian facilities are clear violations of international humanitarian law,” he noted, adding that “there can be no military solution to the conflict in Afghanistan and urgently calls for a peaceful settlement of the conflict in the interest of building a more stable and prosperous future for all Afghans”. The UNAMA also chief appealed to all warring parties and the international community to help bring hostilities to an end. “The fighting in Ghazni must stop and the fighting in Afghanistan must stop”, he said, stressing that “the United Nations continues to maintain that there can be no military solution to the conflict in Afghanistan”.

Referring to the June ceasefire, the Special Representative said that “it illustrated to all Afghans, especially those too young to have known anything but war, what peace looks like.” He added that the UN “stands ready to support any endeavours that would advance” an Afghan-led negotiated settlement. “Confidence-building steps that immediately reduce violence are crucial, and talks between the Afghan government and the Taliban are necessary to identify and expand common ground”.

EU warns US against imposing new tariffs

Anadolu Agency, *28.08.2018*

The EU will respond immediately if the U.S. decides to go ahead with new tariffs on EU-origin products, European Commission spokesman Daniel Rosario said on Tuesday.

Speaking at a daily briefing in Brussels, Rosario said: "The EU is ready to respond immediately if the U.S. decides to go ahead with the new tariffs on EU-origin products.” In March, American President Donald Trump imposed a 25-percent tariff on imported iron and steel, and a 10-percent tariff on aluminum -- since then the issue has been discussed heatedly among the U.S. and its major trade partners.

After that, the EU placed a 25-percent tariff on American products and Trump threatened to impose more tariffs on all European cars. Last month, Trump hosted European Commission President Jean-Claude Juncker in Washington.

Egypt to channel $15.4 bln for Sinai development

Middle East EY, *28.08.2018*

Egypt plans to allocate $15.4 billion to carry out investment projects in the restive Sinai Peninsula, the country's planning minister said Tuesday.

"There is a high priority for development of the Sinai Peninsula and Upper Egypt," Hala al-Saeed said in a statement. Al-Saeed said fish farms are planned to be established in Sinai, as well as building roads, housing units, hospitals, schools and a university. The minister, however, did not give any details about the sources of funding for the planned Sinai projects. Sinai has remained the epicenter of a deadly militant insurgency.

Since mid-2013 when Mohamed Morsi -- Egypt's first freely-elected president and a Muslim Brotherhood leader -- was ousted in a military coup. Since then, hundreds of Egyptian security personnel have been killed in militant attacks across the volatile peninsula.

China dominates Europe's wind energy market: IEEFA

Reuters, *16.08.2018*

China's investment in foreign wind-powered electricity markets has surpassed $12 billion in Europe and Australia alone as private and state-owned Chinese companies move aggressively to capitalize on fast-growing renewable energy.

Most of the wind investment activity has been in Europe. "China is now a driver of the European energy transformation and its international leadership in low emissions sectors of the future are entirely aligned with efforts to increase China's global economic influence," Sydney-based IEEFA analysts said.

"While Chinese foreign renewable energy investments were boosted by the launch five years ago of its Belt and Road Initiative (BRI), its foreign renewable energy investment now extends well beyond that framework. "This is a superpower taking its energy policy global," Nicholas said. IEEFA's research brief says China's foreign renewable energy investments have increased as a result of the country's pan-Asian Belt and Road Initiative (BRI), but the majority of these investments are not in BRI countries. Interestingly, in BRI countries and in non-BRI developing countries, China continues to build coal-fired power projects as opportunities for domestic coal projects dry up. The brief builds on an IEEFA paper published in January that described how China has become a leading global renewable energy investor "defying an overall slowdown in Chinese overseas investment as the country further positioned itself to dominate in new energy technologies such as batteries and electric vehicles". That report put China's 2017 investment in new energy technology and resources at $44 billion, up from $32 billion in 2016.

In 2017, the Chinese government began restructuring its power-generation sector in an effort to reduce reliance on coal and exported China's renewable energy technology while continuing to promote its coal technology in foreign developing markets. Chinese foreign energy investment from 2003 to 2017 was dominated by hydro and coal-fired power, with wind and solar coming to the fore more recently by way of technology gains, efficiency improvements and dramatic declines in cost. The briefing notes, however, that while Chinese wind and solar investment goes well beyond the BRI to developed nations, coal-fired power activity remains high within the BRI and in other developing countries. "From 2003 to 2017, the majority of China's foreign power investments in Southeast Asia went to hydro ($45 billion) and coal ($12 billion) projects, amounts significantly higher than Chinese wind investment in the European Union ($6.8 billion) and Australia ($5 billion).

"Although this trend is influenced by the fact that wind and solar investment has ramped up only within the last few years, it is clear that Chinese coal power investment is restricted more to the BRI and to developing countries. The brief includes notes on Chinese companies that include China General Nuclear, China Resources Power, China Shenhua Group, China Three Gorges, State Development and Investment Corp, China Huadian Corp, and China Huaneng Group. The US-based IEEFA conducts global research and analyses on financial and economic issues related to energy and the environment.

Energy implications of economic growth in China and India

Brink News, *20.08.2018*

China and India are expected to continue witnessing high levels of macroeconomic growth, typically associated with higher energy consumption. According to the EIA's International Energy Outlook 2018, Asia is projected to have the largest increase in energy use of non-OECD regions, and this increase will be led by China and India.

Energy consumption in non-OECD countries began exceeding OECD consumption in 2007 and is estimated to reach nearly two-thirds of the 739 quadrillion Btu global energy consumption in 2040.

The Chinese economy is expected to deliver an annual average growth rate of 5.7 percent between now and 2040 in two high-growth cases. In the same time period, India's economy is forecast to grow at an annual average rate of about 7.1 percent across three high-growth cases. "China is currently a manufacturing-based economy whose rapid growth is moderating energy consumption. India's economy is more balanced between manufacturing and services and is projected to be the fastest growing region in the IEO2018 Reference case,"* according to the report. In the period from the 1980s through the 2000s, China registered double-digit growth in real GDP. Simultaneously, its energy demand more than tripled during the same time frame. However, from 2011 onward, its economic growth has slowed to single digits, and this has been accompanied by reduced energy demand. The Chinese economy, owing to its size, is a key driver of economic growth globally, and variations in Chinese energy consumption (and demand) have impacted worldwide energy market trends.

Over the past decade, the Chinese economy's industrial segment has transitioned toward the production of more highly specialized goods and general services. This shift was supported by the implementation of China's 13th Five Year Plan (FYP), which came into effect in March 2016. One key facet of this FYP is to encourage innovation and accelerate research and development spending as a share of GDP. In addition, the plan prioritizes specialized avenues such as high-end equipment and biomedicines and seeks to increase the service sector's share of GDP to 56 percent by 2020. These changes in industrial structure notwithstanding, the EIA forecasts that China will still comfortably maintain its position as the world's largest producer of energy-intensive goods in 2040.

India will soon be the world's most populous country, and its economy is expected to be the fastest growing globally, as per EIA projections. However, over the next two decades, both its aggregate and per capita energy use is still forecast to remain lower than in China, the U.S., and other industrialized countries, despite its economy being the third largest globally (as measured in terms of 2010 purchasing power parity dollars). According to the report, India's per capita GDP ($2,525) was about 30 percent lower than that of China in 2000. By 2015, Indian per capita GDP was slightly lower than $5,600, the level of GDP per capita that China exceeded by 2006.

It is expected that India's economic growth will significantly affect international energy markets given the country's large population and growth potential. Its government is currently reviewing a set of economic and social programs, including financial reforms and expansions in providing electricity, which could have an extensive impact on both future economic growth and energy demand within the country. Between 2015 and 2040, India's economy is forecast to grow at about 7.1 percent in real terms. The slow growth in India's per capita energy consumption can perhaps be attributed to infrastructure and institutional constraints. That said, India's industrial sector is still expected to remain the largest energy-consuming end-use sector through 2040. China's economic health is a crucial element in global trading activity, underscoring the importance of precise forecasts for Chinese economic growth because of its direct and indirect impacts on global projected energy consumption. Both recent and expected reductions in China's energy intensity are partly due to a gradual shift in the economy's structure from greater reliance on manufacturing toward more reliance on services. For India to attain per capita energy consumption levels comparable to other large countries, it must implement radical changes in its production structure, according to the report. India will also have to fuel large increases in energy consumption outside of the industrial sector. Higher levels of energy use could also result in India following major changes in its industrial structure, the report added.

US warns Syria, Russia on possible Idlib offensive

Washington Post, *29.08.2018*

The U.S. on Tuesday warned Russia and the Syrian regime against any potential offensive on the northwestern Syrian city of Idlib.

"We would hold them responsible and we would hold them accountable for that, most especially for the use of chemical weapons," State Department spokeswoman Heather Nauert said. "We would encourage Russia to make this point very clear to Damascus, that that will not be tolerated," she added. Turkish Foreign Minister Mevlut Cavusoglu warned Friday that a possible military offensive on Idlib would be a "disaster".

"Preserving the de-escalation zone in Idlib, Syria is important in both humanitarian respects and the fight against terrorism," Cavusoglu said. "Separating the civilians from the combatants in Idlib is important for everyone, but a solution through force would lead to a new wave of refugees and a humanitarian catastrophe." Located near the Turkish border, Idlib in May was designated a "de-escalation zone" where acts of aggression are expressly forbidden. Syria has only just begun to emerge from a devastating conflict that began in early 2011, when the Bashar al-Assad regime cracked down on protesters with unexpected ferocity. UN officials estimate that hundreds of thousands of people have been killed in the conflict.

40 percent of US adults face economic hardships

Anadolu Agency, *28.08.2018*

Nearly 40 percent of adults in the U.S. are struggling to meet basic needs, according to a study released Tuesday by the Urban Institute.

The study looked into seven metrics outlining hardships which fit into categories of housing, food security, utilities and health care. The Urban Institute's findings showed not only did almost 40 percent of adults face at least one economic hardship, but more than 23 percent faced multiple hardships. According to the survey, 10 percent of individuals missed a rent or mortgage payment.

13 percent missed a utility payment and 23 percent said they faced food insecurity in 2017. The research also showed many faced problems with health care, with 18 percent had problems paying health care and the same percentage had unmet health care needs because of the high cost of treatment. The study shows many families struggling under current economic conditions, but U.S. President Donald Trump has constantly argued the economy has been better than it has ever been. "The Economy is stronger and better than ever before. Importantly, there remains tremendous potential - it will only get better with time!" Trump said in a tweet earlier this month. The study urged policy makers to rethink their considerations to change the access to safety net programs, saying it would hinder the ability of individuals to meet their basic needs. "As policymakers consider changes in access to safety net programs, they run the risk of increasing rates of material hardship, which could have detrimental short- and long-term impacts on children and adults," the Urban Institute report noted. A total of 7,588 adults aged 18 - 64 were surveyed for December 2017 to January 2018, and the study covered 97 percent of U.S. homes.

Announcements & Reports

► *France's Determined Struggle Against Salafi-Jihadism*

Source : CSIS
Weblink : https://www.csis.org/analysis/frances-determined-struggle-against-salafi-jihadism

► *The New Realism, An Uncomfortable Middle*

Source : CSIS
Weblink : https://www.csis.org/analysis/new-realism-uncomfortable-middle

► *The U.S. Defense Budget in FY2019: Underlying Trends*

Source : CSIS
Weblink : https://www.csis.org/analysis/us-defense-budget-fy2019-underlying-trends

► *The Politics of Renewable Energy in East Africa*

Source : OIES
Weblink : https://www.oxfordenergy.org/publications/politics-renewable-energy-east-africa/

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Source : OIES
Weblink : https://www.oxfordenergy.org/publications/politics-renewable-energy-east-africa/

Upcoming Events

► *Fighting Financial Crime 2018*

Date : 10 September 2018
Place : London
Website : https://www.chathamhouse.org/conferences/fighting-financial-crime-2018

► *Digitalization in the Industrial Sector: Implications for Energy, Technology, and Policy*

Date : 18 July 2018
Place : CSIS Headquarter
Website : https://www.csis.org/events/digitalization-industrial-sector-implications-energy-technology-and-policy

► *Illicit Financial Flows 2018*

Date : 01 October 2018
Place : London
Website : https://www.chathamhouse.org/conferences/illicit-financial-flows-2018

► *Climate Change 2018*

Date : 15 October 2018
Place : London
Website : https://www.chathamhouse.org/conferences/climate-change-2018

► *Global Trade 2018*

Date : 01 November 2018
Place : London
Website : https://www.chathamhouse.org/conferences/global-trade-2018

► *The Future of London as a Financial Centre*

Date : 12 November 2018
Place : London
Website : https://www.chathamhouse.org/conferences/future-london-financial-centre